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November 29, 2006

Division of Oil, Gas and Mining

Attn. Daron R. Haddock,

Dear Daron;

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DIV. OF OIL, GAS & MINING

In reference to your letter of Nov. 20th 2006, and to refresh your memory, I spoke with you on the occasion of both of your previous letters, dated June 8th and September 8th. I also spoke at length with Tom Munson regarding this situation. The problem is that we still do not have an acceptance from the BLM in Fillmore Utah. We have lost a whole season because of their apparent foot dragging, and still don't know if we will be given a permit. As we previously discussed, it doesn't make sense to pay out \$16,800 dollars just to be told that the BLM has decided to put the Amasa Valley into the "no mining" category. Since we are a new entity, obtaining a bond is difficult so we must produce cash.

During our phone conversations you seemed acceptable to waiting until our permit from the BLM was assured before we would be required to pay the bond. They have had our project since April 27th when you assisted us by faxing them our permit request. I re-sent everything on June 6th to Jerry Mansfield, and have been in frequent contact with Mr. Matt Rajala, who is handling our case, by phone and fax every since. My most recent contact was with Mr. Mansfield while Matt was away; he seemed to think that the process would soon be settled to our benefit, we hope so.

We are not operating in any way with exception of taking ten samples from shallow holes, dug with a post hole digger, which we promptly refilled, and the setting of the required stakes to outline our plot.

I assume that the urgency (Final Notice) of your November 20th letter was due to some time frame by which we have to comply, but nothing of that sort was mentioned previously according to my recollection, which I must admit is shaky at best. We were of an understanding that we would be given a status of accepted, but that we could not begin any operations until we paid the reclamation surety.

Your department and the people in it have been extremely helpful and I do not wish to up-set our relationship, so let me know what we have to do and we will try to comply.

Sincerely,



Bob Engleman